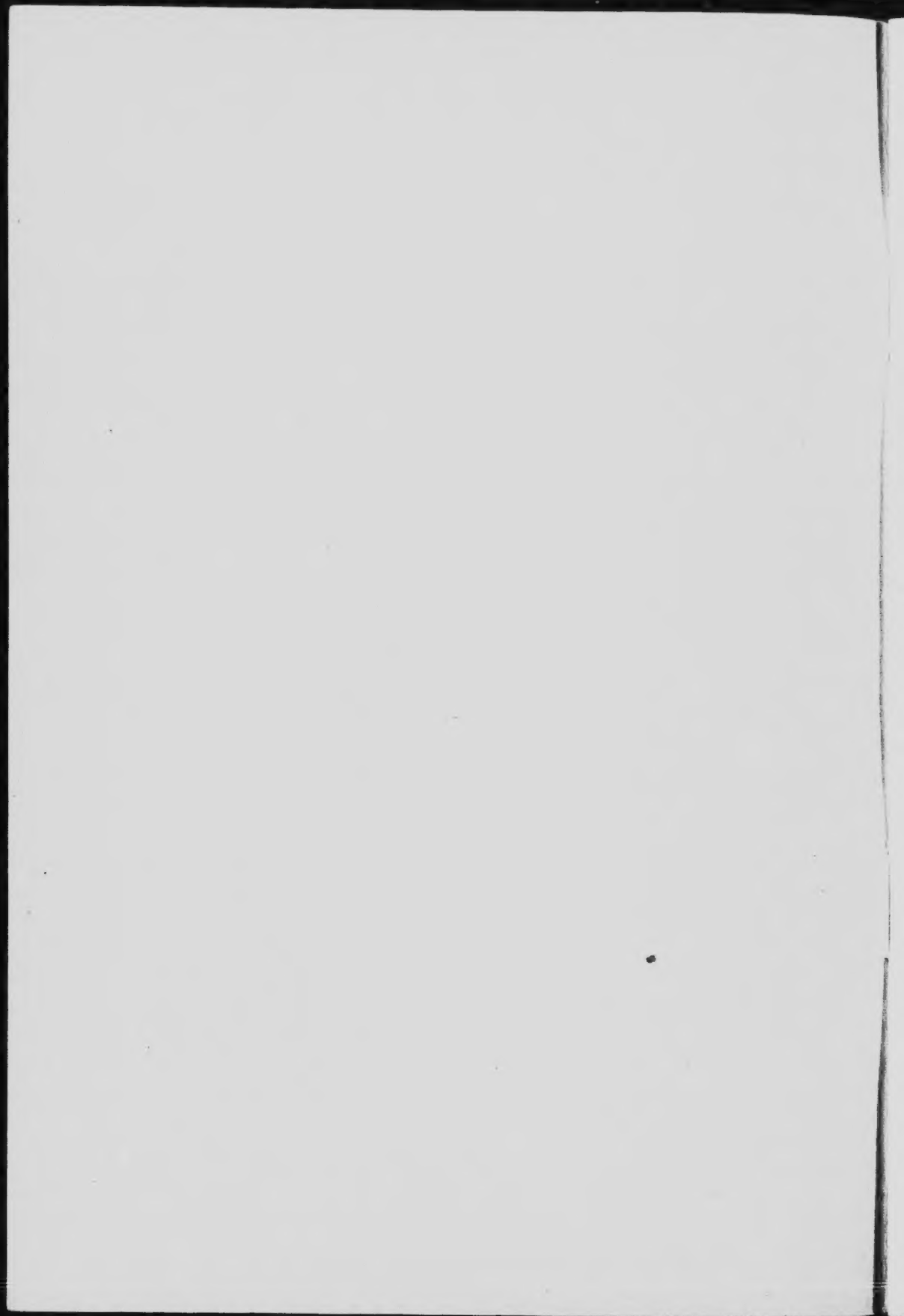


# Report of Conference of Managers of Agricultural Co-operative Associations



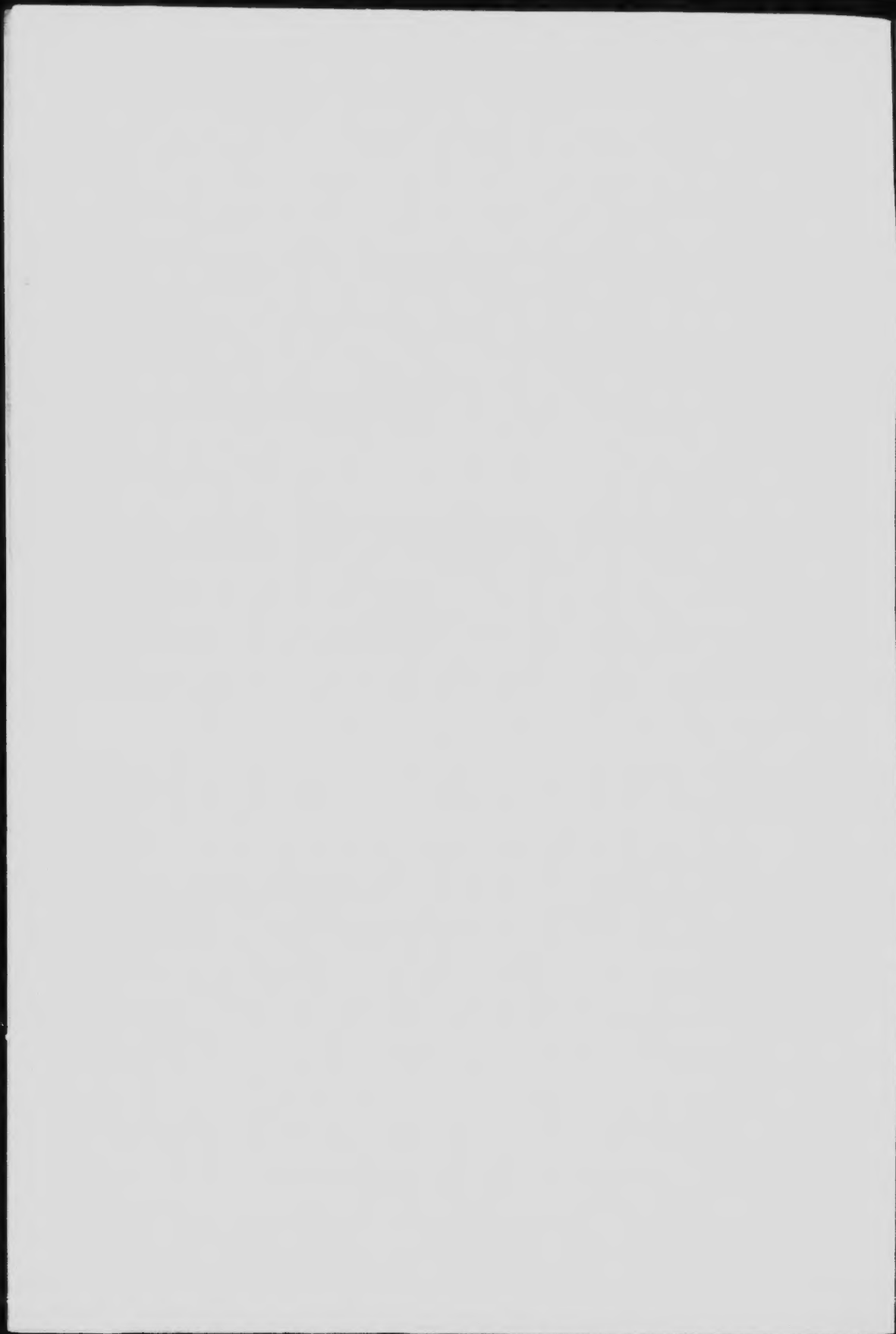
Held at Regina  
Tuesday and Wednesday  
March Sixteenth and Seventeenth  
Nineteen-twenty



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**HELD, AT REGINA, TUESDAY AND WEDNESDAY  
MARCH 16th and 17th 1920.**

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The conference was called by the Executive of the Saskatchewan Grain Growers' Association to provide every facility for free discussion of the common problems of the managers of co-operative associations and of their common interest in and collective business through the Central Trading Department.

Every active co-operative association, including several which are not in affiliation with the Saskatchewan Grain Growers' Association, was invited to send its manager or secretary to the conference. Nearly all would have been represented but for the terrible blizzard which raged throughout Saskatchewan on the 15th. Many who had planned to attend were unable to make train connections. Nevertheless the attendance was excellent considering the circumstances. The conference was highly representative, the delegates including the managers of quite a number of the largest and most progressive associations in all parts of the province. The discussions were interesting and helpful. The fact that the delegates passed unanimously a resolution asking that a similar conference be called "at least once in each year" proves that they considered the gathering to have been of real value to the interests which they are directing.

## **OPENING SESSION**

The meetings were held in the lecture room of the Y.M.C.A., Mr. Thomas Sales of Tantallon, a member of the Central Executive and from the very beginning of the movement an enthusiastic leader in co-operative organization and development, occupied the chair with Mr. W.J. Orchard and Mr. John Evans relieving.

Mr. Sales in a short opening address recounted the considerations which had led to calling the conference, declaring that the problem had been discussed by the full Board of Directors of the Association, immediately following the general convention, and later by the Central Executive. He assured the gathering that all the directors were willing to do everything possible to assist the co-operative movement and that they had no personal interest in the matter but had at heart only the welfare of the movement in general. He said the ultimate object was to bring the producer and consumer closer together and eliminate, so far as possible, all wastage of goods, labor, transportation and other costs in the process of distribution.

hoping thus eventually to ensure that the producer would secure full value for his labor and the consumer pay for his product that value alone, together with the necessary cost of distribution.

The speaker made it clear that the ultimate objective in the minds of all the principal officers of the Association was to ensure better conditions of living and of environment amongst the producers themselves and amongst the farmers in particular and that in the eyes of the directors of the Association it is of comparative unimportance whether this end be attained directly through the machinery of the Association or not, so long as it is attained.

He drew attention to the enormous charge upon consumption which was being incurred by wasteful methods of distribution at the time the Association's movement started, showed in part the great savings effected by it and made clear the present need for continued aggressive co-operative endeavour. He doubted that Canada's basic industry-agriculture-can permanently carry the burden of these wasteful methods of dealing through the self styled "legitimate channels", every branch of which is resorting to every means possible and some of them highly oppressive, to perpetuate itself and its charge upon society.

Mr. Sales stated that all co-operative stores are now able to buy from wholesalers just as capitalistic stores are, but that this is the case only because of the fight put up by the Saskatchewan Grain Growers' Association for a period of years with a heavy drain upon its finances, and he predicted that should the Central Trading Department go out of business, co-operative associations would have to unite in creating another for their own protection. He assured the conference that there are still many active and powerful enemies of co-operative trading and appealed to the delegates to deal frankly with these matters, discuss freely their own immediate problems, and their relationship with the Central, adding "if the Central is not right and cannot be made right, other arrangements ought to be planned but above all you managers point out wherein the Central Trading Department has failed to justify itself."

#### **SYNOPSIS OF MR. MUSSELMAN'S ADDRESS**

J. B. Musselman, Managing Director of the Central Association, then addressed the conference, explaining in some detail the evolution of collective buying amongst the members of the locals of the Association, stating that co-operative buying was made possible only by the work of organization carried on by the Association, that the Central Association has nursed and brought up this movement from its inception and successfully met the competition of the greatest businesses in Canada. A brief synopsis of his address follows:

#### **Western Need for Co-operation.**

In the West the cost of distribution is affected materially by the great distance which sources of production are removed from us. One cause of the high cost of distribution in the early West was the hazard of establishing business in a new country. These conditions attracted a class of merchants who were aggressive and prepared to take the hazard involved for the sake of the possibilities of big profits, many being actuated by the one idea of making all the gain

possible in the shortest possible time. Such men in new districts frequently took margins of profit which in older settlements would have seemed out of reason.

Another important controllable item in cost of distribution is the demand of the people generally for a costly service, but the heaviest single controllable charge has been the farmer's practice of financing his business and his household on the capital of the merchant by buying on credit.

### **Are Westerners Wasteful?**

Of modern nations, England was the earliest to develop sound and extensive commercial enterprises. There, systems of business have long ago been stabilized and perfected to a wonderful degree and keen competition has brought about a narrowness of margin in business quite unknown in Western Canada, yet in England have been created the greatest and most beneficent co-operative enterprises in the world. How much more are they needed in Western Canada.

There is a radical difference of attitude towards economy between the Western Canadian and the average English householder. Westerners generally have extravagant ideas, especially of trade and finance. This attitude of mind prevents the average Western householder from foregoing any considerable convenience as the English co-operator does, for the sake of small savings, and constitutes one of the greatest obstacles to permanently successful co-operative endeavour in Saskatchewan.

### **Beginnings of Co-operative Buying.**

Collective buying by locals of the Association of flour, coal, etc., began long before there was any Central organization through which they could carry on this business, but these efforts were spasmodic and fraught also with some peril because where a group of persons engage in a business enterprise without taking out incorporation, any member of it can be held personally responsible for liabilities incurred on behalf of the group. It was in part, consideration of these perils that lead to the passing in 1913 of the "Agricultural Co-operative Associations Act". This Act made it very simple and inexpensive for such groups to become incorporated and escape personal liability of the member for debts of the group beyond the amount he subscribed in shares.

Mr. Musselman reviewed the resolution passed unanimously by the 1914 convention asking that the Board of Directors create a Trading Department in the Central to supply the locals who wished to purchase co-operatively and gave a short account of the vast amount of work which Central did in helping the locals to organize for business and secure incorporation.

### **Meeting Competition of Big Capital.**

Continuing, he said in part:

While the first conception was that the Central should merely act as a kind of purchasing agent for the Locals, it became apparent

almost immediately that it would have to contract definitely for supplies a long time ahead of the demand by the locals if commodities were to be available when required. The first important contract placed was for a large quantity of binder twine at a time when the trading department had no capital whatever, having to borrow from the Organization funds even the money necessary to cover travelling expenses in placing this contract. As the Association had no legal power to buy and sell, the members of the Executive believed that they were personally responsible for the payments of goods contracted for prior to the amendment of its Charter in 1915.

No such business as the Central department is doing had ever been done in Western Canada and no such business is even today being carried on except in conjunction with other lines of business. There were, therefore, no precedents to follow; yet, without experience, without Head Office organization, without proper legislation and absolutely without cash capital a business was created which in the first fifteen months of its operation had a total turnover of well over \$1,000,000.00 with a substantial net gain, and values were secured comparing favorably with those secured by established concerns with permanent organization and big capital. The total turnover of the Central trading department during its six years business, exceeds seven millions of dollars and only during the latter half of the period has any considerable amount of cash capital been at its disposal.

From the beginning the Central set as its standard that it must supply the locals with the commodities taken in wholesale quantities at competitive wholesale prices, and that it must secure back of these sufficient earnings for the maintenance of the Central business. This has always been accomplished on the great bulk of the business and today Central is successfully meeting competition of wholesalers on every commodity handled by it, though, as every business man knows there will always be specific cases where one Company or another is temporarily able to supply some commodity in limited quantities at a value lower than the truly competitive price.

### **Increasing Cost of Central Business**

The cost on turn-over, borne by the Central trading department was low during the early and rapidly expanding period of its business. The present cost is vastly greater. During the early period all business was for "spot cash". No goods were shipped on open billing and cash deposits were received with all orders, while short dating was sometimes taken on purchases. Hence it was easier to finance the business. Under this arrangement, the Association was able to work successfully without the investment of capital and the cost of doing business was kept very low. After the locals had begun to demand goods on open billing, often failing to remit promptly the cost of doing business increased rapidly. Accounting, correspondence, banking and interest costs resulting from this practice are in a considerable measure responsible for the increased cost of doing business. Salaries, postage and all other costs have advanced materially also while, on the other hand, the earnings of the Central in proportion to the value of its turnover have decreased, owing principally to the fact that these are based on quantity rather than value.



The great bulk of the actual complaints made against Central and the losses it suffered outside of depreciation in price of binder twine stocks carried over because of crop failure and consequent cancellations, were the result of carrying on a grocery business without proper facilities, in its fight to break down the boycott which had been created against co-operative merchandising of all kinds by the so-called "legitimate channels" of trade. Mr. Musselman, said, "We had no desire to go into the grocery business knowing full well that the nett profits in it were perilously small for a body depending for its trade entirely on the locals, but had we not entered this field and fought this fight the boycott would have succeeded and there would not be a co-operative store in Saskatchewan today. The fight was costly but in our opinion the victory was worth it."

### **Peril of Carry-Over**

During the first year of the Association's business the Executive had been fully aware of the likelihood that sooner or later the Central would find itself loaded with a large carry-over of some commodity or other, purchased for its locals and which either they would prove to have been to inactive to purchase through the Central or which, because of crop failure, they would be unable to take delivery of and that when such circumstances would arise it would not be possible to sell these goods to the regular trade since they would be pleased to see the Central so loaded, hoping that the undertaking might thus be wrecked.

### **Fundamental Conditions of Success**

Attention was pointed to the first clear statement of the speaker to the 1914 convention that if any material saving in the price of goods to the farmers of Saskatchewan was to be effected, it would have to be by adopting less costly methods of distribution that the farmers would have to buy for cash only and do their borrowing from those institutions which have money to lend and whose business it is to lend, and that they would have to learn to anticipate their requirements and buy those commodities of which they are heavy consumers, in case lots or bulk quantities, taking delivery from the car, the station or the merchants warehouse.

These fundamental conditions, however, are being ignored by our people all over Saskatchewan. In very large measure they are insisting on the old and exceedingly wasteful method of credit buying. Also they prefer to take almost all commodities in small quantities off the storekeeper's shelves and over the counter. Many, even of the co-operative stores, are drifting into the old costly methods which, if persisted in, will make any great economy in the cost of distribution utterly impossible, since co-operative merchandising, if practising the same methods which have been popular in capitalistic merchandising will soon become an equally heavy charge upon the consumer. He drew attention to the tendency of even co-operative managers to encourage costly salesmanship by giving their business, even in commodities of which they do not require to see samples, to commercial travellers who visit them and solicit their business in person. TRAVELLING SALESMEN, ACCOUNTING, COLLECTIONS, LOSS BY DELINQUENT DEBTORS, SEVERAL COUNTER SALES INSTEAD OF A BULK DELIVERY FROM CAR OR WAREHOUSE, STORE DISPLAY, ADVERTISING, ETC.ETC., ARE ALL

## **COSTS ON DISTRIBUTION THAT CO-OPERATIVE MERCHANDISING MUST REDUCE TO THE ABSOLUTE MINIMUM IF IT IS TO SUCCEED.**

### **Lessons Learned**

The Central had everything to learn, as had the locals, and one of its biggest problems resulted from people generally not understanding the principles of trade. The farmers buying collectively at wholesale prices seemed to have expected the same kind of service as when buying from a retail store. Having no conception of the store keeper's problems and disappointments, they became critical and even antagonistic if experiencing any of the innumerable petty disappointments and troubles which every country merchant has always had to contend with, but of which his patrons know very little. The education of our people in business is remedying these conditions in large measure.

Having abandoned the grocery business and all small order business and confined ourselves six months ago to our original business of supplying those commodities only which locals take in large bulk quantities and principally in car loads, such as lumber and building supplies, coal, wire fencing and fence posts, flour and feed, binder twine, etc., complaints of Central service have been reduced at least eighty per cent.

Mr. Musselman urges upon the delegates a free and frank discussion of their own problems and experiences and of their relationship with Central and the Central service and of every possible improvement in such service. He stated that an expression of opinion would be asked of the meeting regarding the present trading policy of the Central, as outlined above, and affirmed that he had no personal feelings in the matter and that there is no excuse for the existence of the Central Trading Department except for the service of the trading locals for whose use it was created.

In the succeeding session there was some discussion of Mr. Musselman's address. A delegate asked the amount of sales for 1919 and was answered by Treasurer Lowthian that same was 1 1-2 million dollars.

Asked re the large amount of accounts receivable, Mr. Musselman explained that for the convenience of the locals, Central had been obliged to ship out such commodities as coal on open billing, drawing on the locals at ten days, but that many locals failed to meet their obligations within the time specified.

### **Address Mr. Fryberger of Wilcox**

Mr. W. B. Fryberger of Wilcox, manager of a large co-operative enterprise, delivered an address on "Financing the Co-Operative Store and Credit Sales". He stated, in part, that his observation had shown that a great many farmers would like to have a co-operative store in their district, not so much because they were true co-operators and meant to do their entire business through the store, but rather because they considered it would help to keep down prices generally. "They come to your Association and get your figures on a commodity merely to use them as a lever to

bring down the other fellow to whom they eventually give their business. Generally speaking, the farmer is a poor co-operator. He sees only its possible direct benefit to himself, expects more from a co-operative business than from any other and fails to recognize that in co-operative enterprises no one should benefit at the cost of another either of money or service."

Mr. Fryberger spoke very strongly of members of a co-operative body insisting on credit from their own institution, declaring. "It is the bitter truth that the credit system is an utter failure and not practicable for co-operative stores." He criticized the Canadian banking system as utterly inadequate in the West and existing principally to secure deposits to be loaned later to Eastern wholesalers and manufacturers. He insisted that co-operative stores ought to buy as well as sell for cash only, but that in buying for cash they must secure better values than their competitors buying on credit. He seemed to favor the joint stock company idea with a small number of individual shareholders as against the co-operative plan with its many irresponsible members, until such time as our banking system is improved and the farmers generally have a clearer comprehension of truly co-operative enterprise and he emphasized the necessity of supplying sufficient capital both for the Central and local undertakings.

### **Suing Locals or Members**

There was lengthy discussion, dealing principally with credit sales, following this address. Mr. Tocknell of Carruthers asked if it were true that wholesalers could not by law collect from co-operative associations but that co-operative associations could sue their own patrons. Mr. Musselman replied, "There has not been a test case in the courts but legal opinion taken holds co-operative associations, not having the power under the act to incur liability for merchandise to wholesale houses, cannot be sued by them in the Courts, but that a patron in debt to a local can be sued for recovery."

A delegate asked Mr. Fryberger "What do you do when you get to the point where you have to collect?"

Answer. "Keep the J. P. busy."

Mr. Potter, Gull Lake, spoke of borrowing from the Bank and stated that his Association had secured credit advances without difficulty. Mr. W. B. Fells of Allan stated that a few years ago the directors of his Association had signed a note as collateral security to the Bank; that whenever directors were changed the names of the new directors had to be added without releasing the old and that at one time this note had held twenty two signatures. He stated also that he had been advised that any one of those who signed could be sued for the entire amount of the debt. Mr. R. Taylor of Keeler stated that all their directors had signed their names for credit and that the shareholders in meeting had had to pass a resolution authorizing the directors to take loans. Mr. W. J. Brummitt of East End stated that not until this year had the bank loan been made directly to his Association and that even now there is a form of guarantee. Very little credit had been given, he stated, by the East End local.

Mr. Musselman, dealing with the wide spread insistence on credit from co-operative associations, stated that so great was the tendency of farmers to lean on someone in these matters that even in grouping themselves together for co-operative business they still had the idea that they could lean on somebody, even if only their directors, for financing their own business while securing all the advantages of cash co-operative trading. Co-operative business cannot give credit unless the shareholders themselves put up the capital which at certain periods of the year they need to borrow again from themselves collectively.

Mr. Dane of Landis expressed surprise at the large amount of credit business revealed in the discussion as being done by co-operative associations and maintained that this practice is incompatible with truly co-operative methods. Mr. McDonald of Girvin stated that while his local had extended very little credit he believed it impossible to do a strictly cash business.

### **Selling to Non Shareholders**

A delegate asked "Can we sell to other than shareholders?" which the Central secretary answered by reading the clause of the Act which declares that co-operative associations may sell only to shareholders and members of the S.G.G.A. He explained that when the Act was up for revision in 1915 the Retail Merchants' Association, represented by its Executive and solicitor, had insisted that the clause should confine the Associations to doing business with their shareholders alone and that it was only by the insistence of Central officers that the other concession was secured. "We had to admit" said Mr. Musselman "that it would not be fair to permit such co-operative associations as are not regularly supplying the needs of a community, to market tail ends of car load lots at prices which merchants cannot possibly meet and thus to dislocate trade in the community." He maintained, however, that regular co-operative stores ought to be permitted under the Act to sell to all comers, as in any event they do, and suggested that the conference might well consider recommending that the Act be so amended as to cover this point.

### **Accounting And Audits**

Mr. Dodds of Woodrow addressed the conference on "Accounting for Co-Operative Business." He reviewed the method used by himself and pointed attention to the fact that a co-operative association's standing with the bank is greatly strengthened if its manager is a competent accountant. He stated that he used counter cheque book from which he transcribes to a day book and from the latter to a ledger. In answer to a delegate he stated that his Association does not handle produce.

Central treasurer, Mr. S. G. Lowthian, addressed the conference on Accounting and on Auditing. He maintained that each association ought to have an occasional visit from a competent auditor who would offer criticism and check up methods rather than make a complete audit. A delegate asked if a number of locals could join together and secure the services of one or two auditors who could periodically visit them. Mr. Lowthian said this would be possible if the right kind of man could be secured but that a man making such visits could scarcely make complete audits since this would take too much time and prevent his visiting a sufficient number of locals.

One delegate expressed the opinion that where accounts of sales are to be kept in any event, so that profits may be distributed on the patronage basis, the amount of accounting involved is about the same whether cash or credit business is done. Mr. Lowthian: "It is a mistake to suppose that an accountant can give the locals some form of book-keeping which would be much simpler and easier than the forms now in vogue. The standard methods in use are the simplest possible. The main features of all systems are the same. Printed headings and special forms may save considerable time and labor when prepared for special classes of business but THERE IS NO "SHORT CUT" METHOD WHICH WILL INSURE THE REQUIRED RESULTS."

### **Accounting Cash Sales**

There was some discussion of the feasibility of using cash registers for recording the cash purchases of the patrons respectively. The opinion was expressed that the store should issue coupons with all cash purchases and let the patron care for these, returning them say once in three months, preferably in a meeting of the local so that one entry in sales ledger of the total amount of coupons surrendered would cover a large number of sales. By this method the patron practically becomes his own accountant and if he fails to surrender his coupons he has no claim upon the store. There was some discussion of the peril, where credit sales are made, of goods going out without being charged, particularly during the periods of rush business.

A delegate stated that though his local handles butter and eggs they do not so account this branch of their business as to know the amount of loss incurred in it. He said that his directors expected a loss on these commodities and did not think it worth while to incur the expense of accounting necessary to ascertain what the loss is. This practice was objected to by several and it was shown that the safety of any business lies in sure and correct accounting and that if the loss or gain in one branch is not ascertained the results of every other branch will not be ascertainable.

### **Cutting Prices versus Meeting Competition.**

Mr. W.J. Brummitt of East End addressed the conference on "Cutting Prices versus Meeting Competition." He spoke on working in friendly relationship with other merchants in his town but of setting his own prices without regard to what they are doing. In response to a question he stated that he refused absolutely to account the business in such a manner as to make patronage dividends possible. He stated that his Association had thus far applied its profits against the unpaid portion of shares subscribed purely on basis of investment.

### **Illegal Dividends**

A delegate stated that during a year when they had no profits they had yet declared interest at 6% payable on shares and thus created a liability to the shareholders for the amount. Mr. Musselman stated that unless there were profits on hand from previous years this was illegal and impossible of being done, that a dividend so declared may not be paid, as it would have to be paid out of capital, which is illegal and no resolution which the Board or the

Association might declare could create such a liability. Mr. Taylor asked what would be the position of a company which had incurred heavy losses before there was any reserve. It was pointed out that reserves always represented accumulated profits and that unless they had been set aside under a trust and placed beyond the control of the Board they could at all times be distributed as profits. (See further discussion on above on page 13).

### **Using "Co-operative" Fraudulently**

Another delegate stated that a firm in his town was running a store under the name of "The Cash Co-operative Store" and asked if legal action could not be taken to forbid the use of such descriptive terms by private and capitalistic concerns. It was pointed out that many of the terms which are commonly used by co-operative enterprises had been popularly used before co-operative merchandising had become established in Saskatchewan and that there is at present no legal remedy against the use of such names though it is to be feared that in many instances these descriptive names are adopted with deliberate intention of misleading the public.

### **Distributing Co-operative Profits**

In the evening session Mr. George Burden of Red Jacket addressed the meeting on "Distribution of Co-operative profits". He stated that the power of the Association to hold the loyal support of its members depends largely on how this is done. A ledger record is kept by his local of all purchases by each member and a copy of same sent him each year showing purchases, payment, dividends on shares, amount of patronage dividend for the year and credit in company's stock. Members are being made shareholders by their earnings. Profits are applied to all patrons whether shareholders or not but to shareholders in larger proportion than to non-shareholders.

### **Three Legal Questions Answered**

Following this address the Conference asked Mr. W.W. Thompson, director of Co-operative Organization, who was present, a number of questions regarding matters that had arisen during the course of the day. Amongst them were the following:

A. Has a co-operative association power to cancel shares and declare payments thereon forfeited if a shareholder falls in arrears on calls or refuses to pay the same?

B. Has a Co-operative Association power to make distribution of its profits by way of share dividends on the basis of shares held?

C. A local in an endeavour to circumvent the regulation forbidding credit sales has taken notes from its patrons and credited each with the face value of his note thus establishing a credit basis. Is this legal?

Mr. Thompson replied in part: "While I am administrator of the Act it is not my responsibility to see that its provisions are carried out in all respects. The shareholders of a local, for their own protection, must themselves see that the terms of the Act are carried out. A co-operative association has only those powers which are conferred upon it by the Act itself. There is one local which has a duly registered by-law stating that shares will be cancelled if the calls thereon are not met."

He refused to express an opinion as to the legality of such a bylaw, in spite of the fact that the bylaw is registered. "In my opinion there ought to be power of cancellation" said Mr. Thompson "and my advice on this matter in the past has always been to re-purchase such shares in the name of the Association." Mr. Musselman stated that in his opinion shares could not be re-purchased except out of reserves or profits as otherwise such re-purchase would reduce the capital of the Association. Continuing, Mr. Thompson stated that accepting notes in settlement for goods, whether before or after sale, looked to him like credit business and is, like distribution of profits on any other than the patronage basis, contrary to the Act.

At this point it was decided to refer a number of questions to a resolutions' committee. It was moved by Mr. Dane of Landis seconded by Mr. Burden of Red Jacket, that Messrs Hanna, Brummitt and Musselman be a resolutions committee. Carried.

Mr. Thompson, continuing, explained that for ordinary violations of the letter of the Act where no penalty is provided, no trouble is likely to arise unless action is taken by shareholders, but he argued forcefully in favor of strictly cash business by co-operative associations.

Asked if goods taken and paid for within thirty days would be interpreted as "credit business" Mr. Thompson answered "Certainly."

### **Making Secretary Responsible**

Mr. Sales: In a certain progressive association the responsibility of credit sales was laid entirely upon the Secretary. He could give credit to whom his judgment permitted but in all cases he was held personally responsible for payment

Mr. Musselman: In my opinion such a practice involves taking an unfair advantage of an employee and is not creditable to any Board of Directors. This is giving credit to the Secretary and a dangerous practice. Furthermore the Board of Directors, or any member of it, can I believe, be held personally responsible by any shareholder of the Association for repayment to its funds of any amount lost through credit sales made, as the sanction of such director would be inferred if it were shown even that he knew of the practice and did not protest to the shareholders, of this violation of the act.

Mr. Luctkar of Shaunavon expressed the opinion that the solution of credit business lies in the formation of rural co-operative credit societies. Mr. R.M. Johnson stated that sometimes where a co-operative store is created it is the only store in the neighbourhood and that it ought to have the power under the act to sell to all members of the community.

### **Marketing Farm Produce Co-operatively**

Mr. W.W. Thompson then delivered a highly interesting and instructive address on "Co-operative Organization and Marketing of Farm Produce". He stated that under this latter branch the Department had carried on a large amount of propaganda encouraging



the establishment of co-operative marketing of various kinds of produce and of co-operative laundries, bakeries, etc. He stated that for the successful marketing of any commodity the principal essentials were uniformity of quality, worth while quantity and continuous supply. Goods must be of uniform quality to inspire the confidence of buyers. They must be shipped in such condition, at such times, in such containers and in packages of such quantities as suits the trade. In marketing farm produce he stated the biggest problem is to secure continuous supply. This had been attempted in marketing eggs and although the beginning was enthusiastic the scheme did not survive the first year.

In two instances the branch had undertaken to market commodities and in both it had found that as the business increased the cost of marketing became greater in proportion to the turnover. In 1915 a poultry killing and marketing business was operated at a cost of 5c. per lb. In 1916 the business handled 80,000 pounds with the cost advanced to 7c. and 1917 7½c. In marketing poultry the live birds are purchased, killed at the plant and marketed after being properly graded. This business was turned over to the Saskatchewan Co-Operative Creameries a year ago and this body handled 100,000 lbs of dressed poultry in its first year of business.

It is the policy of the department to institute such enterprises and then turn them over to co-operative organizations. The branch's first marketing activity was in connection with wool and he quoted figures which showed conclusively that very valuable service had been rendered with this commodity. The turn over last year amounted to 553,000 lbs.

Mr. Thompson reviewed the "New Egg Marketing Act" explaining that its provisions were made for the purpose of securing better prices for good eggs and to eliminate the marketing of eggs which are unfit for human consumption. He stated also that the Act is similar to one in force in Alberta and the chief egg producing states of the U.S.A.

Mr. Thompson dealt also with live stock marketing, showing that the application of the Live Stock Association's Act had in a large measure eliminated the middle man in marketing stock. He stated that there are at present 41 co-operative live stock associations in Saskatchewan.

### **Egg Act Criticism**

A lengthy discussion followed Mr. Thompson's address. Considerable objection was taken to the provision of the Act which demands that all merchants handling eggs must candle and mark same before offering them for sale, many of those present holding the opinion that the producer himself should be obliged to stamp all eggs offered for sale with an identifying mark, since as it is not feasible for merchants to candle eggs at the moment of receiving, the identity in many cases will be lost before they can be candled. Mr. Fryberger stated that the eggs would probably be re-candled in any event by the packing houses and that if the producer were forced to candle his own eggs only fresh eggs would be brought to the store. Before the close of the meeting it was moved by Mr. Brummitt, seconded by Mr. Dane of Landis and carried that a hearty vote of thanks be extended to Mr. Thompson for his assist-



ance at the conference and for his excellent address. Mr. Thompson in replying stated that any resolution passed by the conference dealing with the matters of his department would certainly receive full consideration.

### **Wednesday Morning, March 17th 1920.**

A number of managers who had been delayed on account of the great storm arrived only in time for the second day of the conference the maximum attendance being on that day.

### **More Specific Discussion Asked**

On re-convening on the morning of the 17th, the conference expressed a desire to change the agenda somewhat and to deal in the morning session with the question of Central service, securing of supplies etc. Mr. H.W. Ketcheson of Davidson stated that there was a general desire for a closer connecting link between the local and Central. Mr. Fryberger of Wilcox expressed the opinion that since there were many delegates at the convention representing locals which not operate stores and who were therefore lacking in the experience of retail store merchandising, the conference was failing to deal with many problems which the managers of stores wished to discuss and objected to the time of the conference being spent dealing with petty troubles which could easily be settled at the Central office and which, to the managers of riper experience, did not really appear to be troubles worthy of much consideration.

Mr. Sales, who again occupied the chair, stated that there were various view points represented in the conference and that the locals which operate lumber yards, those which operate retail stores and those which have only car load distribution have each its distinctive problems and viewpoint. A different type of man, he said, had to be secured for the successful operating of co-operative stores from those required where only carload distribution was undertaken. He explained that in planning the conference provision was made for the store managers to get together in separate meeting and that in future similar conferences, while there ought to be one day for a general session where all matters of common interest would be discussed, this ought to be followed by separate conferences of the managers of those locals having distinctive common interests and problems, such as stores, lumber yards, live stock shipping, etc., The Central Executive, he added, felt some trepidation at undertaking this first conference and incurring the heavy expense of paying the railway fares of those in attendance but that already he was persuaded that the conference had justified itself, that the discussions would lead to a closer relationship between co-operative managers and their Central trading department and that this would result in a sufficient increase of business to the Central to offset its expenditure on the conference.

### **Quality, Prices & Delivery by Central**

The points for decision vital to the Central Trading Department were then outlined by Mr. Musselman.

"We are now supplying all the commodities which we are handling of qualities which will compare favorably with those which you can secure from any other source. We are making at least as good

deliveries as are any of the firms who are competing with us for your business and we are selling to you at competitive wholesale prices which will stand comparison with those offered by others. If the Central service in correspondence, adjustments, etc., is inferior to that of any other competing body we can, with your co-operation improve it."

"WHAT WE MOST REQUIRE TO KNOW IS—WILL YOU GIVE THE CENTRAL ALL THE BUSINESS THAT YOU CAN IN COMMODITIES WHICH IT IS HANDLING IF IT GIVES YOU AS GOOD QUALITY, DELIVERY AND PRICES AS OTHER CONCERNS ARE DOING? We are asking nothing more than this and we are in a position to assure you that we can deliver all your requirements in those commodities if you will let us know sufficiently long ahead that you will look to us for them and will give us a fair estimate of your anticipated requirement.

"If you will give the Central this kind of treatment it will prosper but if it is forced to adopt the old and expensive method of sending travellers to visit you periodically to secure your business and if every wily travelling salesman can discredit Central in your eyes and by his personal influence win your business, then it were better to close the branch and go out of business, for no real economy will finally be effected for the consumer under such conditions."

### **Relationship of Locals and Central**

A request was made that the chairman explain the relationship now existing between Central and the various associations.

Mr. Sales stated that when trading activities were first considered the need of some Central connection was evident. It became necessary when this had been created to form some financial bond between the locals and Central. Debentures were issued with a view to establishing a relationship similar to that between shareholders and their locals. During each of the first four years Central earned fair net profits. As in truly co-operative business, these belonged to the locals giving the business, it was desirable to apportion them even though they were needed as working capital and could not actually be paid out. To accomplish this a plan of issuing debentures not fully paid in cash was adopted. Any local having subscribed and made the first payment on debentures was then in position where profits accruing to it could be applied against the deferred payment. For instance, one local bought four shares or capital debentures, being \$500.00, paid \$100.00 or 20% in cash and through the application of Central profits its debentures were fully paid in three years and in addition it received \$132.00 in cash. This plan is still in existence and will apply when again there are profits available for distribution.

A delegate, "Is this plan permissible?"

"Yes, under the special act incorporating the S.G.G.A."

Delegate, "If patronage dividends do not meet the payment on capital debentures will balance have to be paid in cash?"

"Yes."

Mr. Sales pointed out that many locals, though invited to take debentures and having patronage dividends to their credit if they had done so, did not take out debentures on which these could be

applied. A time limit was therefore fixed but even this did not have the desired effect and consequently such locals lost the money which would otherwise have been applied to their credit on unpaid shares.

A delegate, "What is done in case of locals who do not pay balance?"

"Local is just as liable as a shareholder. In case of shareholder what do you do?"

Delegate, "Nothing" (Laughter)

Mr. J. A. Dane thought if Central should let off some locals others would be loath to pay up their arrears.

Mr. Sales, answering various questions, said in part—These arrears are a debt like any other and must be paid. There were no patronage dividends for 1918 or 1919 because there were no profits and interest or dividend on paid debentures as such can be paid only from profits. A statement is sent periodically showing exactly how a local stands on capital debenture account.

A delegate—"Would we be in order to add to our assets the paid up amount of such shares?"

"Yes, but allowance ought to be made for impairment of capital last year."

#### Mr. Musselman on Complaints

There are many classes of complaints which might be worth discussing. Formerly I saw all complaints which came to the office. Not all the complaining is about Central. Individuals complain to Central about their locals. Many of the complaints about business at local points are attributable to the fact that through ignorance of merchandising members have expected too much. Many complaints of Central are due to inexperience of those complaining. As these become better educated in business, complaints decrease. At first our people expected the same service from collective buying as they got in the retail store but without paying for it. They did not know the risks the retail man was taking and the disappointments he suffered.

Some complaints received were entirely justified and it has taken experience to overcome the faults and many are of things not under our control. For instance a complaint was sent me about delay in arrival of lumber. I found that Central had placed the order the day it was received and done all possible to get it forward. Conditions in the lumber trade have, for some time, been exceedingly difficult for everyone but we are getting good deliveries.

Sometimes local secretaries pass on a feeling of condemnation of Central to the members of the local and to the local directors by making complaints which are not based on facts or are unfair and when, after careful investigation, an explanation is forwarded this is not always as carefully communicated to those who heard the complaint. In this way a feeling of dissatisfaction grows. A local secretary recently wrote me personally stating that he had written six letters to the office without reply. The file showed that every letter had been answered promptly. This was proven to him in my reply yet months later a director of that local raised the same complaint, never having got the facts. A patron may get many good services but set up a howl if one fall under his expectations.

The spirit should be for the member to shield his local and the local its Central until it has been definitely proven that it is at fault. Even then criticism should always be with a view to help and never to knock. Mr. Musselman asked that discussion be along these lines and that it be perfectly free.

### Two Accusations Answered

A delegate said they had lost confidence in Central. They had \$76.00 to pay on debentures and considered it throwing good money after bad. On the way to the convention he had travelled with three other delegates who had all felt the same. Asked to state definite grounds for complaint he said he had ordered two car loads of coal to be delivered in November. As the coal did not show up he wrote in and was informed there was no trace of his order. He was positive the Central had received the order as they had already been asked to take earlier delivery of the coal. He said that he had been informed also that a large order for lumber for the Saskatchewan Co-operative Elevator houses had been given Central. The lumber was not forthcoming and the Elevator Company sent its own man to B.C. and got the lumber themselves.

Mr. Becket of the lumber department answered the latter statement. "All the lumber for the contract referred to was actually supplied by the S.G.G.A. with the exception of a few shingles bought locally and expressions of satisfaction were made by the Company's engineer. The statement made is absolutely false."

Mr. Musselman explained that the Elevator Company had sent a man to the Coast in the first instance but he had been unable to secure the lumber. The Association got it for them.

Mr. Brown, in control of coal orders, looked into the coal complaint and reported that he had found that this manager had merely enquired for coal prices but had not ordered coal and this the manager has since acknowledged in a letter to be the case. The circular asking them to take early delivery of coal was sent to all patrons in an attempt to avoid the usual winter rush and did not imply that an order had been received.

This incident furnished an excellent example of condemning Central too readily and on hearsay. **THIS MANAGER IS NOW PLACING HIS ORDERS WITH CENTRAL.**

### Good Deliveries of Coal

Another delegate stated that on the whole their dealings with Central had been very satisfactory. During the coal shortage their dealers had no coal or wood but through Central he had been able to get coal quicker than his competitors who had long established businesses. This not only helped the community but was a big boost for the local. The wood supply had also been fairly satisfactory though the quality left something to be desired. He thought it might be worth while having a man in the North country looking after the supply of wood and posts and loading and filling orders.

Mr. Beckett thought this impracticable. The post business was scattered widely from B.C. to Ontario. The present system was the most economical. Where there was any blame we always endeavoured to place it on the shipper and if there was a justifiable complaint the customer got an adjustment nine times out of ten.

A delegate said that of two cars of coal ordered one did not arrive until January 28th. Many letters were written about this coal and the replies were always evasive. He thought preference had been shown to some locals.

Mr. Brown said the only preference shown, except to orders received earlier, had been by order of the fuel controller. Otherwise all orders were sent to the mines in the order received and so filled by them. Locals should not be too insistent on coal from one particular mine. If a little latitude is allowed coal can be supplied more regularly. Estimates of the season's requirement should be placed with Central early in the summer so that contracts may safely be made for big supplies. Even then, accidents, strikes, washouts, shortage of cars, etc., may interfere with the regular business. Last year there was a 14 weeks strike at the mines. Locals should reply to circulars asking for estimated requirement rather than rush their orders in during October. This would help greatly.

Another delegate expressed satisfaction because Central had switched an order for him when he discovered that his customers did not like Victory coal. Coal from Drumheller district had been substituted to everyone's satisfaction.

Mr. Rufus Taylor of Keeler also expressed appreciation of the Central coal supply. He had placed his estimates in the summer and Central had enabled him to do a big and successful coal business where regular dealers had failed to get a supply. Although he had ordered only Lethbridge coal he had been willing to take other kinds when this could not be applied.

A delegate thought there was room for criticism, successful co-operative associations were out for business. At present the S.G.C.A. was not the only firm which could supply them. The U. G.G. handles over lines and this makes it bad for co-operative trading. As managers they wanted to go back with a clear idea of how business was being done down here and how they could give their patrons the best service. The farmers would gladly stay with Central if he could give them a clear idea.

Mr. Hanna asked how much mill wood should be put in to a car.

Mr. Beckett explained the system of loading, how the car in transit shakes down the wood until the car appears to be somewhat empty. About 17 waggon loads are usually dumped into a car. Generally a load weighs about 22,000 lbs.

### Present Central Trading Policy

In response to a request for same, Mr. Musselman outlined the policy of Central in part as follows: Co-operative societies have no difficulty now in procuring groceries at regular wholesale prices so the former need for Central handling this business at a loss is gone. The Central now handles twine, lumber and building supplies, coal flour and feed, fence wire and posts, carload apples, etc. and is avoiding, as far as possible, small sale lines. These goods always constituted 80% of our business but the other 20% was a heavy drain upon our finances as well as the cause of most complaints.

**LUMBER** we have always been able to supply at the wholesale prices paid by dealers. This department has been fully successful at all times and has had great value for the farmers. It merits the support of all.

**OUR BINDER TWINE** has no superior anywhere. Quality and supplies are fully assured and we are making delivery to locals at exactly the spot cash carload prices paid by International Harvester Co agents. Our commission is back of that.

In **COAL** we have beaten all comers and ought to have all your business.

In every commodity there sometimes arises a condition where somebody undersells. I have seen barbed wire sold by a retailer at less than the current wholesale price on hundred ton lots. With such exceptions we have always met competition. The Central demands of itself that it must secure its earnings back of the regular dealers' wholesale price and not out of the locals.

Since then the goods and prices offered by Central are right, is our delivery as good as possible? If not, where can we make it better? Are all the locals doing everything possible to make their business relationships with Central run smoothly? Certainly the help of the locals is required to solve the Central's problem of accounts receivable. Too many locals treat their obligations to Central in this regard lightly. All too often by failing to honor drafts as they are presented, or to pay promptly at maturity those that have been honored, they exp'it the capital of the Central. Sometimes even we have been tempted to believe that a local manager has shielded himself before his directors or shareholders by unfairly placing blame upon the Central.

A delegate, "Where was the loss outside of binder twine last year sustained?"

"On our mail order business at Winnipeg. This business was opened in the hope of placing the grocery venture on a paying basis. The expense of issuing catalogues from time to time was very great and the response from our members and locals was not sufficient to cover this outlay.

Asked if the present business of the Central could be placed on a paying basis, Mr. Musselman stated that he was confident that following its present policy, and if the locals will give the Central the patronage which it merits, the latter can make sufficient earnings to pay interest on all money invested in it.

### **Discussion on Apples**

The delegate from Eyebrow related a disappointing experience which his local had had with a car load of apples from Ontario. He stated, that, out of consideration to Central, the car was not rejected by them, but that they had suffered a loss of \$200. He wanted to know what protection Central had under its contract in a case of this kind. Mr. Lowthian, replying, stated that the experience of the Central in connection with Ontario apples had been almost uniformly unsatisfactory and that the quality never compared favorably with B.C. apples. He explained also that there is great difficulty in

making contracts with dependable dealers in Ontario that offer any real protection as these dealers insist on inspection being made at point of shipment. He declared that unless better arrangements could be made the Central would probably cease entirely to handle Ontario apples and assured the delegate from Eyebrow that had his complaint been lodged with Central, every effort would have been made to secure an adjustment of his claim.

A delegate asked if arrangement could be made to purchase orchards in their entirety and ship the apples from Ontario in bulk. Mr. Musselman answered "We would not think of undertaking shipping in bulk."

### **Binder Twine**

Mr. Ketcheson of Davidson asked if it was not possible to make the manufacturer himself responsible for any carry-over on binder twine. Mr. Musselman said it had been impossible in the past but with the present arrangements of the Central it has an option for a considerable amount over that contracted for and that, having once cleaned up what is now on hand, it will not be taking any serious risk of a large carry-over in the future, the vital point being that the locals should give all their twine business to Central, give their estimates early and as nearly as possible take the twine ordered.

Mr. Ketcheson said that there was a feeling that Central held some inferior twine on hand. Mr. Musselman stated that this was not correct, that the Central had nothing but first class quality twine on hand. The only difficulty arose from the fact that it has a considerable quantity of 500 ft. twine and that this length of twine is not popular in the Canadian West. He stated also that the world cuts its crop with 500 ft. twine and that it is only in the Canadian West where this length is not popular.

Mr. Ketcheson expressed the opinion that the financial statement submitted to the convention did not give sufficient information. Mr. Sales replied that the treasurer had all details of information at hand and that any information asked for would have been cheerfully given.

A delegate stated that they never knew what they could rely on Central for, that most large firms had representatives of their own and he thought that Central should centralize on one or two lines and put travellers on the road to visit each local, telling them what Central is prepared to do. Mr. Musselman in replying pointed out that Central was already concentrating on only a few commodities as explained earlier in the meeting and asked the convention if it thought Central should incur the expense of sending out salesmen periodically to get the orders of locals in the commodities handled. Mr. J.A. Dane of Landis expressed the opinion that this would be a most expensive way of doing business.

### **Wednesday Afternoon Session**

Mr. H.W. Ketcheson told of the meeting held during the annual convention of the G.G.A. in Saskatoon in an endeavour to organize an association of co-operative managers. Mr. Fryberger was opposed to the present meeting taking up little petty troubles which could be better settled in the Central office. Mr. Sales stated that, being the first meeting, it had inevitably to be more or less of an experiment.

## **Selling Lumber to Farmers**

A delegate raised an objection to Central supplying lumber to individual farmers. Mr. Musselman explained that the Central lumber business has always been principally with individual farmers who are being offered lumber at the same prices by other companies and that without this business the Central would have to quit the lumber business entirely. The problem, he said, lies between the members and their own local.

The discussions revealed the fact that where a co-operative association is running a lumber yard, practically no business from its members comes to the Central office. Mr. H. W. Ketcheson quoted some interesting instances showing where enormous savings were being effected for the farmers of the community by the lumber yard operated by the Davidson Co-operative Association. This was followed by considerable discussion, the opinion of the meeting being that Central should continue supplying carloads of lumber as in the past.

## **Merchants' Consolidated Representative**

Mr. W. C. Paynter, Vice-President of the Merchants' Consolidated Ltd, was introduced to the meeting and in a short inspirational address declared that the seething unrest of the world was brought about principally by manipulations of trade for personal gain:

1. By manufacturers' costs figured to provide earnings on watered stock.
2. By railway freight charges based to cover interest on bonds and debentures issued to many times the physical valuation of the system.
3. By special privileges to bankers which permit them to double their capital by the issuance of currency and thus draw interest on their liabilities.
4. By combinations of manufacturers unduly inflating prices under the protection of a high import tariff.
5. By combinations of traders to keep goods travelling in round about channels between producer and consumer so as to afford numerous opportunities for profit taking.

He stated that in the farmers' organizations we had a big start in tearing down the ramparts of privilege.

In concise form he told the meeting of the efforts made by a number of merchants throughout the prairie provinces to establish more efficient and more economic distribution through making their purchases and handling their own requirements through their own co-operative wholesale house which resulted in the creation of the Merchants' Consolidated Ltd.

Following Mr. Paynter, Mr. G. W. Stockton of Carlyle, Sask, also representing the Merchants' Consolidated Ltd, addressed the conference. Mr. Stockton stated in part—The object of the Merchants'



Consolidated Ltd has always been to get goods into the hands of the consumers at the lowest possible cost of distribution. He reviewed at some length the experience of this company, the service which it was rendering and stated that it was not being operated to make profit and suggested that possibly some means might be found under which the co-operative associations might come into affiliation with this company and secure through it those commodities which their own Central is not handling.

### **The U.G.G. and Amalgamation.**

A delegate asked specifically of Mr. Musselman if there was any prospect of an arrangement in the near future with the U.G.G. or of the three prairie provinces linking up together in the wholesale distribution of supplies. Mr. Musselman in reply stated in part—When I first became Central Secretary and was given the responsibility of establishing your Central Trading Department I went naturally to Winnipeg to seek counsel and assistance from the president of the then Grain Growers Grain Company. Doubtless I was unsophisticated but it is a fact that I was surprised to find that this Company did not look with favor on this action of the Association and I came back disappointed. Almost immediately this company circularized all the locals of the Association asking that they turn over their business to it and claiming that it—the company—was the Central Purchasing Agency for all locals of the Association. This attitude on the part of the company was keenly resented by the directors of the Association and by many locals.

Time and again I discussed the problem in person with Mr. Crerar. It was fully obvious to any reasonable person that neither the Grain Growers' Grain Company nor any other body competing for the Association's business could do such a business unless the Association first created locals through whom the business could be done and I suggested to Mr. Crerar that if the company could not leave Saskatchewan to the Association in this business, the commodities should be divided so as to leave to the Association those commodities usually purchased in carload quantities and which could not be so marketed except through the locals created by the Association and leaving to the company all other commodities, including farm implements which had to be sold generally to individuals. Each could then supplement and assist the other. These offers and suggestions, however, were not favorably received.

Some years ago there was a serious discussion by leaders in the various provinces of a project for the federation of all our Western farmers' organizations on the truly democratic basis of local self government and provincial autonomy as outlined in pamphlet No. 13 issued by the Central in December, 1915, entitled "What every Grain Grower requires to know." but this project also fell through. Later the Grain Growers Grain Company and the Alberta Co-operative Elevator Company became one company under the name United Grain Growers Ltd. I do not at present see any prospect of the various farmers' organizations federating nor of the United Grain Growers and the Saskatchewan Grain Growers' Association and the Saskatchewan Co-Operative Elevator Company doing so, and certainly there is no chance in the world of their ever amalgamating and thus changing the whole character of the Saskatchewan movement by breaking down our provincial entity and autonomy as well as self government of the locals. After all, and without dis-

paraging in the least the work of the two grain companies, it should be borne in mind that the trading department of the Saskatchewan Grain Growers' Association is the only truly co-operative body in the group by reason of its being the only body whose profits are divided on the patronage basis. In this regard it is a missionary in the farmers' movement and to lose its identity would be a tremendous setback to the true cause of co-operation in my judgment.

### Wednesday Evening Session.

This session of the conference was held in the spacious offices of the Association, Mr. John Evans occupying the chair in the absence of Mr. Sales. The following resolutions were introduced and after some discussion dealt with as indicated:

Moved by Mr. Fells, seconded by Mr. Eckdahl:

"Resolved that in co-operative distribution, sales should be for cash."—**Carried.**

Moved by Mr. Fells, seconded by Mr. Eckdahl:

"Resolved that co-operative retail business should aim to meet reasonable competition and to distribute profits on a patronage basis rather than to sell as near cost as possible."—**Carried.**

Moved by Mr. R. Taylor, seconded by Mr. Dawson:

"Resolved that the Agricultural Co-Operative Associations Act should be amended so as to provide for the cancellation and forfeiture of shares on which payments are long in arrears."—**Carried.**

Moved by Mr. G. Burden, seconded by Mr. A. Black:

"Resolved that section 18, subsection "C" of the Agricultural Co-Operative Associations' Act should be amended by inserting therein, immediately following the fifth line thereof the words:

"by payment in cash or by application on the unpaid portion of any shares held by them or part in cash and part by such application."—**Carried.**

The purpose being to permit application of patronage dividends on unpaid portions of shares.

There was considerable discussion on the newly enacted legislation regarding the marketing of eggs. Objection was taken by a number of delegates to the provision making it obligatory on merchants to stamp all eggs received.

Moved by Mr. W.J. Brummitt, seconded by Mr. R. Taylor:

"Resolved that this meeting of co-operative managers request the minister of agriculture to make the marking of eggs compulsory on the producer. Also we suggest that the candling of eggs as required by the new Egg Act may be done at the cold storage warehouses."—**Carried.**

Moved by Mr. Dawson, seconded by Mr. A. Black:

"Whereas the dairy butter market is very unstable owing to the different grades of butter made by the producers:

And whereas the producers of good dairy butter are being penalized because of those producers who make butter of inferior quality:

And whereas we are of the opinion that the producers of good butter should be encouraged:

Therefore be it resolved that this convention of co-operative managers request the minister of agriculture to bring down legislation dealing with dairy butter and we respectfully suggest that one of the provisions of this Act make it compulsory upon the producers to have their names on each print or consignment of butter for sale."  
—Carried.

Moved by Mr. Frye, seconded by Mr. Taylor:  
"Resolved that this meeting is in agreement with the present policy of Central in handling only bulk quantity commodities and that all locals should, as far as possible, secure their supplies through Central."—Carried.

There was some discussion also on the broad question of how locals should secure those supplies not handled by Central. This discussion was taken part in by Messrs. John Evans, H.W. Ketcheson, W.J. Brummitt, W.J. Orchard, Bell, Eckdahl and others. It was made evident that there still are a number of wholesale houses whose declared policy is not to supply co-operative associations. None of the managers seemed to find any considerable difficulty in securing supplies of counter store goods at competitive wholesale prices and the consensus of opinion was that the problem of securing supplies could not be permanently solved through utilizing the Merchants' Consolidated Ltd also that the business of the co-operative stores in Saskatchewan is not yet firmly enough established and well enough off financially to warrant any attempt at the creation of a wholesale grocery store and supply house of their own at the present time.

Mr. Musselman, finding it necessary to leave the conference before its close, thanked the delegates for the uniform courtesy which they had extended, for the very fine spirit shown throughout the discussions, expressed the opinion that the conference had been of real value and would prove helpful to all the delegates in attendance and doubly so to the Central and declared that the kindly spirit, open-minded discussion and assurance of loyalty and support by the managers present had given him renewed courage to go ahead with the work of the Central trading department. His remarks were roundly applauded by the conference.

Moved by Mr. Brummitt, seconded by Mr. Fell:  
"Resolved that we, the managers of co-operative associations here in attendance, extend to the Central Association our hearty thanks for calling this meeting, as we are satisfied that considerable good has resulted from the same and we would suggest that more of these meetings be held at the call of the Central, at least once in each year.



# From Cactus Leaf to Binder Twine

## Raw Material and Processes used in the Manufacture of Binder Twine.

By J. B. Musselman

While in the east recently, attending the annual meeting of the Canadian Council of Agriculture, I took a few days to visit the great factories from which we are securing "Equity" binder twine and to inspect with care all the processes of making as well as the stocks of "Equity" already made up for 1920 consumption.

If you ever have the opportunity to see through such a factory do not pass it by. Your whole community is so absolutely dependent upon this commodity that you, as a local leader, should be familiar with its sources and the method of its production. While I have been carefully through quite a number of twine factories and through a few a number of times, I learn something additional at each visit.

### Material Used.

Sisal fibre constitutes the bulk of the raw material of binder twine. It is secured from the long, thick, juicy leaf of a cactus plant by a process of crushing out the juice and rubbing away the pulp from the fibre or veins of the leaf. A full grown leaf is about three feet long, tapering gracefully from a width at the bottom near the ground of three inches or more, to a point terminating in a sturdy, brown thorn with a black point as sharp as a needle and guaranteed by Dame Nature to protect the plant from the greatest or hungriest denizen of its subtropical home.

"Manilla" fibre, of which 550 ft. to the lb. and finer twines contain a percentage, is secured from a small tree and is of greater length.

These fibres are coarse, stiff and strong, come in huge bales weighing from 500 to 1000 lbs. each, wrapped either with metal or split bamboo strapping. The fibre is tied in small bundles the size of a man's wrist to keep all the threads or strands "in line" or all lying in one direction in the bundle and not tangled. These bundles have each to be opened by hand before going to the machines.

### From Bunch to Sliver

The processes in all the factories are practically identical. The bundles of fibre are fed by hand into a huge machine, as long as a good sized house and weighing many tons, at the rate of from 1000 to 3000 lbs. an hour. Here it runs between heavy rollers

where it is liberally sprayed with mineral oil and manipulated so as to make it softer and more pliable. From the rollers it feeds automatically on to a "drawing frame." This frame has a series of huge steel combs with rows of pointed steel teeth six or eight inches long. These combs, moving in line with the fibre faster than the rollers feed or release it, comb it out somewhat and pass it on to a finer set of combs running more rapidly still. In this first machine the separate bundles are changed into a great, continuous stream of fibre called a "sliver" in which the fibres overlay each other lengthwise sufficiently to cause them to cling together enough so that in feeding the next "drawing frame", once an end of the sliver has been started, it will bear its own weight and feed continuously from a huge coil.

### **Spinning the Yarn Uniformly.**

From here on to the finished ball there is but little hand work. To insure proper "mixing" or "laying" of the fibre, six slivers are fed into the next drawing frame and combed down to one and so on through six successive drawings, each finer and more rapid than the one preceding it, until finally a thin sliver, very uniform in thickness has been produced. This is then fed singly into a "spinning frame" where, after another combing, it is caught by the twister, twisted into the finished yarn or twine and wound on a bobbin.

The baller, which is a most ingenious device, takes the twine from the bobbins. A steel finger wraps it around a core for all the world as mother used to wind a ball of yarn only with a rapidity which the eye cannot follow. When the ball nears completion a spring is automatically released permitting it to alter its position enough to change the course of the wrapping so as to give it that outer coat of overend winding which enables it to stand up in the twine box of a jolting binder until the last lap of cord has been used. There is a tension on the ballers so great as generally to break the twine if there are any weak spots in it.

With good fibre and careful workers every modern factory will make good twine but it is in the "spinning frame" that the thick and thin spots are created. No cord which is made in a single yarn, such as binder twine, is without some of these irregularities but the "spinning frames" over which "Equity" is spun have a special patented apparatus which reduces these to the minimum.

### **Inspection**

From the moment the machines begin working on "Equity" an inspector or examiner is also constantly at work on it. Many tests are made each day and carefully recorded. These records are our best assurance of quality.

In testing twine an entire ball is run on a huge 10ft. reel strand by strand so that every inch of its 2750 feet comes under the eye of the inspector. This official cuts out every spot that looks thin and tests it on an automatic tester for breaking strength. If it breaks under 50 lbs pull a fault is registered, though of course a strain of 30 lbs. or even 25 lbs. is seldom placed on twine in actual field use. Tests are also made of the number of turns or twists per foot as a turn or two too many will incline the twine to "kink" in the twine box and stick in the opening through which it is drawn.

## **Canadian Consumption**

In a normal year Canada requires well up towards a hundred million pounds of twine to bind her crops; probably more per capita than any other country in the world. For this she must depend entirely on foreign countries for her raw material and for the principal portion of the manufactured article as well. These huge requirements could not be secured unless provision were made as much as a year or more before the twine is required for use. Making this provision has involved a tremendous financial hazard on the part of manufacturers and wholesale dealers but failure to make it would throw on grain growing in Canada a hazard that would constitute a serious set back to agricultural development.

In their own interests all members of Grain Growers' and Co-operative Associations should let their secretaries know that they can depend on securing their twine business each year for "Equity" twine so that the secretary can assure the Central and the Central safely contract for their prospective requirements.

### **Support your Co-operative Wholesale.**

There is no better twine made than Equity. Central can supply any quantity required if ordered early. It sells at the spot cash wholesale price paid by twine dealers all over Saskatchewan. This means that millions of dollars are saved each year by the farmers because the Association entered this business. We need your patronage now and each year to successfully keep up the fight.

Remember that the Association is the only co-operative body through which you can secure twine.

McInnis Bros., Ltd., Printers, Regina